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RE: Bulletin #0823-P MFDA Consultation Paper on Account Transfers

We thank you for the opportunity to comment with respect to the Discussion Paper on Account Transfers.

Hub Capital Inc. ("HUB") is a member of the Mutual Fund Dealers Association of Canada ("MFDA") and its affiliate, Hub Financial Inc., is one of Canada's largest Managing General Agencies ("MGA"). We have 14 regional offices located from coast-to-coast through which we support more than 200 financial advisors and 5,000 insurance brokers, managing more than \$6 billion of client assets. HUB appreciates the opportunity to provide specific comments with respect to the Consultation Paper on Account Transfers described in Bulletin #0823-P as follows:

- 1. What issues have you faced in relation to account transfers? Please be specific with respect to the parties involved i.e. Members or non-Member financial intermediaries, e.g. mutual fund companies, trust companies, etc.**

The key issue that HUB faces in handling account transfers is the inconsistency in how transfers are handled by various relinquishing parties or institutions. These issues are due to the lack of industry standards that provide guidance on processing transfers, requirements for a transfer to be consider good order("IGO") and acceptable timeframes for completing an IGO transfer. There are also no industry standards or consistency in responding to the firm/institution that initiated the transfer when a transfer request is not in good order ("NIGO").

HUB's finds that account transfers seem to flow quite well within the fund and insurance industries, except for group plans held with insurance companies. It is far more difficult to complete the transfer process when dealing with banks, credit unions, group plans at insurance companies and pension plans. There is a lack of information made available to the industry with respect to where transfers should be directed to at the institution i.e. some institutions are centralized vs branch, guidelines on processing i.e. different account types, documentation

requirements, etc., standards for completing a transfer request, acknowledgment of receiving a transfer, or contact information at the institution for follow-up and escalation.

Relinquishing institutions, especially the banks, credit unions and pension plans, will often not discuss details regarding a specific transfer citing privacy issues despite having a signed client transfer request in hand. This often leads to significant delays that may negatively impact the client.

- 2. Have you identified specific types of account transfers that cause more challenges and/or do not occur in a timely manner (e.g., dependent on where and how the assets are held, account registration, type of product, electronic vs non-electronic processes)? Please provide as much detail as you can.**

HUB finds that with locked-in Plans such as LIRAs, transfers tend to take a long time to process. They typically take anywhere from 2- 6 months to complete, despite the paperwork being in good order.

Similarly, with pension plans, transfers tend to take between one and three months, but can stretch to 12 months due delays for varying requirements such as original copies. Transfers that are being made because of marital breakdowns are also more challenging as corrections to paperwork typically also require the signature of each party's counsel.

- 3. Are there areas in the account transfer process that should be standardized or automated (e.g., specific timeframes, electronic processing)? Please explain.**

Standards around what is required for a transfer to be considered IGO and guidance on how to handle NIGO rejections would be beneficial. Furthermore, consistency in application of the standards and requirements. For example, it is not uncommon to have one transfer rejected as no signature guarantee was included on the transfer form and to have another transfer from the same company/institution be processed even though there was no signature guarantee on the second transfer request.

There is a need for industry guidelines and oversight for acceptable timelines for handling transfers that are IGO or rejecting transfers that are NIGO. HUB has many experiences where it took a month or longer before learning that a transfer request had been rejected and returned requiring correction or additional documentation. Responding to NIGO transfers add even further delays to what is typically an unacceptably long process. There are times that if HUB does not reach out to the relinquishing firms to inquire about a transfer, it would never have been made aware of the fact that the transfer paperwork was not in good order and therefore rejected.

In closing, HUB strongly believes that there should be industry standards, guidelines, processing standards, documentation requirements and oversight that encompass all account types and perhaps, may even vary due to the nature of the account type. Inconsistencies in the transfer process cause significant delays in the processing of client instructions that may also cause significant harm under some market conditions. In addition, delays result in a drain on dealer and advisor resources that could be much better directed to improving the client experience.

HUB appreciates the opportunity to comment on this important process in our industry. Please feel free to contact the undersigned if you would like to discuss in more detail.

Best regards,

A handwritten signature in blue ink, appearing to read "Cheryl Hamilton", with a long horizontal flourish extending to the right.

Cheryl Hamilton
VP Risk Management, CCO